CITY OF ALAMEDA

Memorandum

To: Honorable Mayor and

Members of the City Council

From: Lisa Goldman

Acting City Manager

Date: May 3, 2011

Re: Adopt a Resolution Authorizing the Execution of Agreement to Purchase

Tax Defaulted Property (APN 71-198-11) for Economic Development

Purposes

BACKGROUND

State law provides for the purchase by local agencies of tax-defaulted properties subject to agreement and approval of the County Board of Supervisors. From time to time, the Alameda County Office of the Treasurer and Tax Collector notifies the City of Alameda of those parcels within the City that are tax defaulted and available for purchase under this statute.

DISCUSSION

The City was recently notified of the tax-defaulted status of 1813 Park Street, known as John Patrick's Bar. Staff recommends that the City purchase this parcel for economic development purposes for the price of the defaulted taxes and fees of \$11,772, which is below the current market price for similar parcels. The County's standard Agreement to Purchase Tax-Defaulted Property (Alameda County Assessor's Parcel number: 71-198-11) is attached (Exhibit 1).

The 1813 Park Street property is an important parcel on a prominent, underutilized block near one of the major entryways into the City. The Park Street Gateway District Strategic Plan (Gateway District Plan) accepted by the City Council identified the 5,850-square-foot parcel as a "primary opportunity site" for infill development when combined with the adjacent parcels of the former Ron Goode Toyota (RGT) automotive dealership. The John Patrick's Bar property is located in between RGT's former new and used car lots. These three properties form the entire western side of the 1800 block of Park Street, approximately 1.23 acres, and hold future economic development potential for the City. A parcel map of the block is attached (Exhibit 2).

Ownership of the land will give the City an important economic development tool. It will provide the City with the leverage and flexibility to partner with potential developers in assembling the adjacent sites for future development. The future assembly of these parcels

will help to attract new investment consistent with the City's envisioned character of the Gateway District. The future development of these assembled properties has the potential of creating numerous public benefits, including the elimination of blight associated with underutilized and vacant properties along one of the City's most important commercial corridors, the creation of new construction and permanent jobs, and increased tax and other City revenues.

The parcel is currently zoned as M-1 Intermediate Manufacturing District, suitable for light manufacturing and other industrial purposes. Pursuant to the Gateway District Plan, the Community Development Department has drafted a North Park Street Regulating Code, which would re-zone the parcel to a "general commercial" classification for pedestrian-friendly, mixed-use development. The draft Regulating Code will be reviewed by the Planning Board this summer and is expected to go to the City Council for approval by the end of the year.

The Community Improvement Commission of the City of Alameda (CIC) has previously evaluated the redevelopment potential of this property. In 2004, the CIC worked to assemble these parcels for the possible expansion of the auto dealership. As part of its due diligence, the CIC conducted a preliminary environmental review and an historical architectural analysis of the property. The preliminary environmental screen did not indicate the presence of recognized environmental conditions at the site that would likely be the subject of an enforcement action if brought to the attention of local regulatory agencies. However, it cannot be ruled out that on-site soil or groundwater quality has been impacted by historic land use at the site.

After adoption of the resolution and filing of the Application and the Agreement to Purchase Tax-Defaulted Property, and with the approval of the County Board of Supervisors, the County will seek the authorization of the State Controller for the transaction. Once all statutory requirements have been fulfilled, the County will notify the City to remit payment after which they will record the deed to transfer the property. This process is estimated to take several months and the owner may redeem the parcel for the defaulted taxes at any time within the time to complete this process.

If the City is successful at acquiring the property, staff recommends transferring the property to the CIC, assuming redevelopment is not eliminated by the State. The CIC could then work towards assembling the adjacent parcels and redeveloping the block to assist in the elimination of blight and revitalization of this Gateway District. If the State eliminates redevelopment, staff recommends that the City bank the property until such time that the adjacent property owner and/or developer is interested in assembling the properties and intensifying the property with new development. Until the property can be redeveloped, staff would work with the existing business in a fair manner consistent with State and local laws and similar to arrangements the City currently maintains with other private entities.

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

City Charter Art. III Sec. 10 addresses the acquisition of property in satisfaction of taxes.

Economic Development Strategic Plan Strategy #3 seeks to increase the availability and quality of retail goods and services in Alameda. The Park Street Gateway District Strategic Plan encourages the facilitation of development for new uses consistent with the vision for the district including assistance with acquisition of property.

FINANCIAL IMPACT

Funds for purchase of this property are available from FISC Fund 256. There will be no impact to the General Fund.

RECOMMENDATION

Adopt a resolution authorizing the execution of an agreement to purchase tax-defaulted property (APN 71-198-11) for economic development purposes.

Respectfully submitted,

Jennifer Ott

Deputy City Manager

EF:rv

Approved as to funds and account,

Fred Marsh

Controller

Exhibits:

- Agreements to Purchase Tax Defaulted Property 1.
- 2. Parcel Map of 1801 Block of Park Street

AGREEMENT TO PURCHASE TAX-DEFAULTED PROPERTY

This Agreement is made this day of _	, 2011, by and between
the Board of Supervisors of Alameda	County, State of California, and the City of
Alameda ("Purchaser"), pursuant to the p	provisions of Division 1, Part 6, Chapter 8, of
the Revenue and Taxation Code.	

The real property situated within said county, hereinafter set forth and described in this agreement is Tax-Defaulted and is subject to the power of sale by the Tax Collector of said County for the nonpayment of taxes, pursuant to provisions of law.

TERMS AND CONDITIONS:

It is mutually agreed as follows:

- 1) That as provided by Revenue and Taxation Code §3800, the cost of giving notice of this agreement shall be paid by the PURCHASER and is not included in the amount for the real property, and
- 2) That the PURCHASER agrees to pay the sum of \$11,772.00 for the real property described in Exhibit "A" within 30 days after the date this agreement becomes effective. Upon payment of said sum to the Tax Collector shall execute and deliver a deed conveying title to said property to PURCHASER.
- 3) That the PURCHASER agrees to use the parcel for public purpose under the following intent:
 - 1. The removal of blight and the promotion of economic development through the site assembly of the subject property along with other adjacent properties, as part of the comprehensive redevelopment strategy for the blighted North Park Street planning area.
- 4) That, if said PURCHASER is a Taxing Agency as defined in Revenue and Taxation Code §121 or any other agency that receives its revenue share under the provisions of Division 1, Part 8, Chapter 3 of the Revenue and Taxation Code, it will not share in the distribution of the payment required by the Agreement as defines by §3791 and §3720 of the Revenue and Taxation Code.

If all of any portion of any individual parcel listed in Exhibit "A" is redeemed prior to the effective date of this agreement, this agreement shall be null and void as to that individual parcel. This agreement shall also become null and void and the right of redemption restored upon the PURCHASER'S failure to comply with the terms and conditions of this agreement.

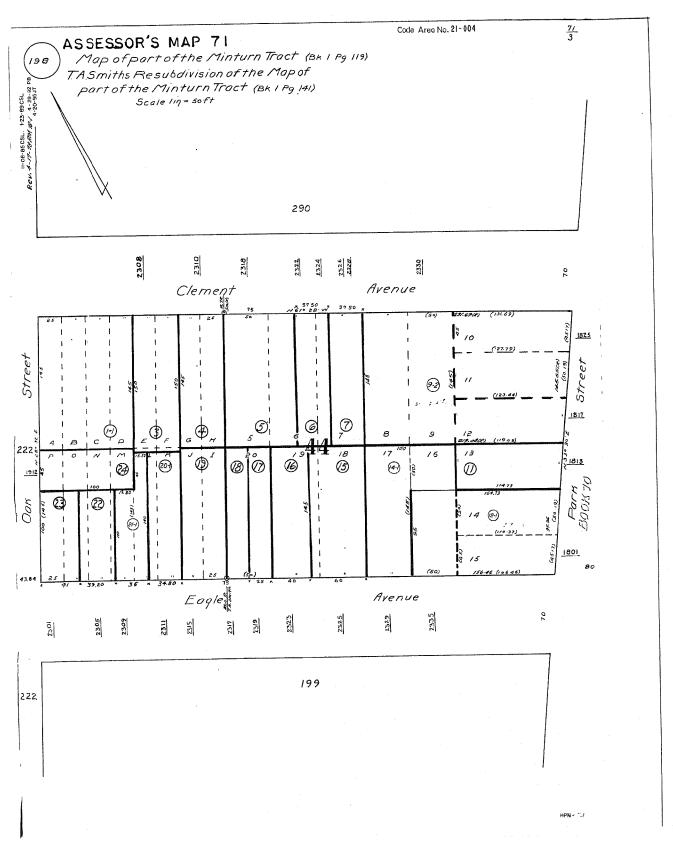
City Council Exhibit 1 to Agenda Item #6-B 05-03-11 The undersigned hereby agrees to the Terms and Conditions of this Agreement and are duly authorized to sign for said agencies.

ATTEST:	
	Rv
(Purchaser)	Ву
(Seal)	
ATTEST:	BOARD OF SUPERVISORS
Clerk of the Board of Supervisors	Ву
ByDeputy	ByChairman
Pursuant to the provisions of Section 37	775 of the Revenue and Taxation Code, the ereby agrees to the sale price as provided in
ATTEST: CITY OF ALAMEDA	
	Ву
Deputy	Mayor
(Seal)	
	ore final execution by the Board of Supervisors records of Alameda County relating to the real
	Alameda County Tax Collector
	795 of the Revenue and Taxation Code, the ment this day of,
JOHN CH	IANG, CALIFORNIA STATE CONTROLLER
Ву:	

Exhibit "A"

<u>Description</u>	First Year Delinquent	Default Number	Purchase Price
71-198-11	2003/2004	620930	\$11,772.00

Exhibit 2



City Council Exhibit 2 to Agenda Item #6-B 05-03-11 Approved as to Form

AUTHORIZING THE EXECUTION OF AN AGREEMENT BETWEEN THE CITY OF ALAMEDA AND THE BOARD OF SUPERVISORS OF ALAMEDA COUNTY, STATE OF CALIFORNIA, AND ALL NECESSARY ACTIONS TO PURCHASE TAX-DEFAULTED PROPERTY (APN 71-198-11) FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO THE PROVISIONS OF DIVISION 1, PART 6, CHAPTER 8 OF THE REVENUE AND TAXATION CODE

WHEREAS, it has recently come to the attention of the City Council that certain real property at 1813 Park Street, situated within the City of Alameda, is Tax-Defaulted and is subject to the power of sale by the Tax Collector of the County of Alameda for nonpayment of taxes, pursuant to provisions of law; and

WHEREAS, the City Council finds it desirable to acquire 1813 Park Street for the promotion of economic development as part of the City's strategy for revitalizing the blighted North Park Street planning area, home to numerous vacant and underutilized former car dealerships, and has exercised its option to object to public sale pursuant to Revenue & Taxation Code section 3695; and

WHEREAS, the sum to be paid for said property in defaulted taxes (\$11,772.00) is below the fair market value of said parcel if acquired by other means; and

WHEREAS, the requirements of the Revenue & Taxation Code requires a resolution of the City of Alameda authorizing a purchase of tax-defaulted property; and

WHEREAS, pursuant to City Charter Art. III Section 10 Council may acquire real property in satisfaction of taxes.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Alameda, that the form of Agreement to Purchase Tax-Defaulted Property (Alameda County Assessor's Parcel Number: 71-198-11), submitted to the City Council in concert with this resolution, and the terms, conditions and covenants therein be, and the same are hereby approved and authorized for execution by the City Manager.

BE IT FURTHER RESOLVED by the City Council of the City of Alameda that the City Manager of the City of Alameda is authorized to undertake all actions reasonably necessary to facilitate, for and on behalf of the City of Alameda, the purchase of tax-defaulted property bearing Alameda County Assessor's Parcel Number 71-198-11. Said actions will include, but not limited to, payment of the amounts required under the agreement, all related notice

and publication costs, all statutory requirements, and the execution of necessary duplicate original agreements as required by law.

BE IT FURTHER RESOLVED by the City Council of the City of Alameda that this resolution constitutes the City of Alameda's objection under Revenue and Taxation Code section 3695 to a sale of the subject property to the public.

* * * * * *

I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in regular meeting assembled on the 3rd day of May, 2011, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS, WHEREOF, I have hereunto set my hand and affixed the official seal of said City this _____th day of May 2011.

Lara Weisiger, City Clerk

City of Alameda